

Message Text

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TAGS: OVIP (SHULTZ, GEORGE P.), (HENNESSY, JOHN M.), XM, EGEN, VE

SUBJECT: ASSISTANT SECRETARY HENNESSY'S MEETING WITH AMERICAN CHAMBER

1. ASSISTANT SECRETARY OF TREASURY JOHN M. HENNESSY MET WITH BOARD OF AMERICAN CHAMBER OF COMMERCE TO DISCUSS BUSINESS PROBLEMS AFTER SECRETARY SHULTZ' SPEECH TO CHAMBER LUNCHEON AND PRESS CONFERENCE.

2. BOARD RAISED PROBLEM OF REPORTED VENEZUELAN GOVERNMENT CONSIDERATION OF DEFINITION OF NATIONAL COMPANIES UNDER DECISION 24 OF ANDEAN PACT THAT WOULD REQUIRE BANKS, RETAIL COMPANIES, AND ALL SERVICE COMPANIES SUCH AS ACCOUNTANTS, ADVERTISING, CONSULTANTS AND ENGINEER CONSULTANTS TO DIVEST THEMSELVES OF ANY MORE THAN 20 PCT FOREIGN OWNERSHIP WITHIN THREE YEARS. HENNESSY COUNSELLED THAT U.S. GOVERNMENT COUNTEREFFORTS SHOULD BE LOW-KEY AND INDIRECT, RATHER THAN HEAD ON REPRESENTATIONS. HE SUGGESTED PRIVATE AGENCIES SUCH AS COUNCIL OF AMERICAS SHOULD BE INVOLVED, AND THAT OBJECTIVE SHOULD BE TO BRING HOME TO VENEZUELANS THAT SUCH DECION WOULD INJURE THEM AS WELL AS FOREIGN COMPANIES, AND TO MAKE VENEZUELANS AWARE OF EXPERIENCE OF OTHER ANDEAN PACT COUNTRIES. EVEN AFTER REGULATIONS HAVE BEEN ISSUED, SOME COUNTRIES-E.G.-PERU-DO NOT APPLY THEM,

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AS THEY PERCEIVE CONSEQUENCES. BOARD MEMBERS ATTRIBUTED

VENEZUELAN PLANNING TO FINANCE MINISTER HECTOR HURTADO'S CONVICTION THAT VENEZUELA DOES NOT NEED FURTHER FOREIGN INVESTMENT IN VIEW OF ITS LARGE OIL RESERVES. HENNESSY COMMENTED AND BOARD MEMBERS SECONDED THAT INVESTMENT IS TECHNOLOGY AS WELL AS MONEY. HENNESSY ADDED THAT TECHNOLOGY ASPECT OF INVESTMENT IS CONTINUING PROCESS OF COMPANY ACTIVITIES, AND BOARD MEMBERS FURTHER ADDED THAT PROFIT MOTIVE GENERALLY IS ESSENTIAL INGREDIENT OF EFFECTIVE TECHNOLOGY INVESTMENT.

3. HENNESSY SAID A KEY PROBLEM IS TO REORIENT LATIN AMERICAN ECONOMIC PLANNING AWAY FROM DOCTRINAIRE CONCEPTS AND TOWARD A MORE ANALYTICAL BASIS. HE COMMENTED FAVORABLY ON MEXICAN AND BRAZILIAN TECHNICIANS WHO HAD PLAYED THIS ROLE IN THEIR NATIONS. BOARD MEMBERS COMMENTED THAT GUMERSINDO RODRIGUEZ, CHIEF OF CORDIPLAN, ALTHOUGH ONE OF YOUNG TURKS IN GOVERNMENT, HAS MOVED TO RIGHT. HE IS CONSIDERED KEY MAN IN ECONOMIC PLANNING, WITH GREATER AMBITIONS THAN CORDIPLAN, PERHAPS MINISTER OF FINANCE. BOARD MEMBERS EXPRESSED DISAPPOINTMENT IN SHIFT OF MINISTER OF COMMERCE AND DEVELOPMENT CARMELO LAURIA TOWARD YOUNG TURK ATTITUDES SINCE HIS APPOINTMENT, ATTRIBUTING SHIFT TO POLITICAL CONSIDERATIONS OVERBALANCING ECONOMIC PHILOSOPHY. HENNESSY RECOMMENDED HAVING TOP U.S. MARKET-ORIENTED ECONOMISTS COME TO TALK WITH VENEZUELAN OFFICIALS IN VIEW OF VENEZUELAN RECEPTIVITY TO SUCH CONVERSATIONS POSSIBLY ESTABLISHING A DIRECT UNIVERSITY-VENEZUELAN LINK, SUCH AS EXISTS ELSEWHERE. HE SAID SECRETARY SHULTZ' PARTY HOPES TO HAVE OPPORTUNITY IN SANTIAGO FOR DISCUSSIONS AT GREATER LENGTH WITH FINANCE MINISTER HURTADO.

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